

Proposed CRS Exemption Process

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Subject: Proposed CRS Exemption Process

Scott,

Thank you again for the opportunity to participate in the CEC Workshop on Friday, June 6, regarding Cost Responsibility Surcharge (CRS) Exemptions provided for in the Departing Load (DL) CRS Decision D.03-04-030. The workshop provided an excellent forum to gain input from stakeholders about the best approaches for determining CRS exemption eligibility in advance of a formal CEC workshop.

As an action item from the workshop, SCE was asked to develop a proposed process for use in determining eligibility for the exemptions extended by D.03-04-030 and managing the various MW caps also established by the decision.

SCE developed the proposed process, outlined in the attached flowchart, with the following guiding principals in mind:

- The CPUC has given the CEC the responsibility to develop the overall CRS Exemption Process and manage the Statewide MW Cap and queue for DWR Power Charge exemptions

- The CRS Exemption Process should be designed to be as efficient as possible and, where feasible, integrated with other existing processes to avoid delays

- The CRS Exemption Process should include appropriate application criteria to avoid a flood of speculative exemption applications and the creation of unnecessary uncertainty regarding the availability of exemptions under the MW caps

SCE believes the best way to accomplish these objectives is to identify a division of responsibilities between the CG customer, the utilities, and the CEC. Specifically, SCE proposes that the utilities be given the responsibility to work with CG customers to gather the technical and administrative information necessary to place each project among the categories established by the CPUC decision and determine exemption eligibility. To reduce administrative burden on the part of CG customers, this work can be efficiently integrated into the existing Rule 21 interconnection process, which currently also gathers information related to Standby exemptions and net metering eligibility. The responsibility for managing the Statewide MW caps would remain with the CEC and communication processes are proposed to ensure that timely information is available to CG customers regarding their eligibility for exemptions and the availability of exemptions relative to the Statewide MW caps.

The attached presentation contains four slides we hope will be helpful in understanding our proposed process. The first is a flow chart outlining the process and the responsibilities of each party. Second, we have provided a proposal for general documentation requirements related to the categorization process. Third, we have provided a flow chart that outlines the process for determining project categorization and exemption eligibility. Finally, we have provided a matrix of CRS applicability based on SCE's understanding of the CPUC's decision. Although this only applies to SCE customers and may need to be modified once a CPUC decision is received adopting SCE's tariffs, it may be helpful to the CG parties in the meantime.

SCE has reviewed this proposed process with PG&E and SDG&E and both agree in concept that this proposed process is workable.

(See attached file: crs exemption process flow_030625.ppt)

There are a number of details that will need to be developed through the workshops and additional staff work, including but not limited to the following:

- The development of specific criteria for the Ultra-Clean and Low Emission category, including efficiency calculation methods and documentation requirements to demonstrate compliance with 2007 CARB air quality standards

- The development of integrated information forms to be used for submittal as part of the Rule 21 interconnection process

- A detailed process for managing the Statewide MW cap queue which may include periodic reviews of project status, proof of project advancement, or other ways of ensuring that only active projects are in the queue for exemptions

- Methods for creating visibility of progress toward Statewide MW caps and positions in the queue

We appreciate the opportunity to work with the CEC and other stakeholders on this issue and look forward to receiving feedback on the process we have proposed.

If you have any questions or require additional information, please do not hesitate to contact me.

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